

Summary of Stakeholder Meeting Notes

Employees (Second Session), January 25, 2008, 4 PM

Purpose of Stakeholder Feedback Sessions

The San Jose City Council has authorized the Stakeholder Feedback Process to:

- Provide information about the new GASB (Government Accounting Standard Board) requirements and current/future retiree health cost liabilities, and to
- Solicit ideas from stakeholders about how to respond to the new GASB requirements and how best to pay for and manage future retiree health care costs.

Guiding Principles Offered by Stakeholders

The following are Stakeholders' points of guidance for the decision-making process related to GASB requirements and the City's/employees' current and future retiree health care obligations:

Note: A well thought-out set of written comments and suggestions were submitted to the Employees Stakeholder Listening Session by Jon Max Reger (Watershed Protection Division). Readers should refer to his materials that are posted on the website (www.sanjoseca.gov/retireehealthcare)

- Meetings should have been dispersed more. More employees would have attended if the locations had been more convenient
- The City's communications culture needs to be improved. The old suggestions system never gave any feedback to employees. Also, employees who express views that don't align perfectly with what the City/Council want are considered troublemakers---this stultifies the input you're seeking.
- This process feels premature. We're not experts that can solve this problem. Let the experts give options and we can decide on the options.
- Separate the options into contributions and non plan-change alternatives (like eligibility), and plan design changes, so we can express our preferences for money-in vs. money-out changes.
- There are mixed messages going out. The Mayor says one thing, the Council says something else, and this process is not in alignment with previous statements. It is confusing and frustrating to employees when there is so much uncertainty.
- A feedback/comment opportunity on the report to the Council should be given to employees before the final report goes to the Council.

- Before co-pays are imposed, we need to know how much will be saved by the co-pays. Is anyone considering whether co-pays might cause people not to seek early care?
- If we could get national health care all of this would be unnecessary. But in the meantime, focus on what we can control and do something!
- The goal should be for full funding in order to prevent additional costs and surprises later.
- Funds need to be secure and separate from Council access for use on other projects.
- The City should have been acting on this problem 10-15 years ago, but the reality says it has to be fixed, so the retirees need to participate too, not just employees.
- The City is ahead of most other public employers in funding, so why fund more than we're funding now unless others start getting ahead of us.
- The City needs to offer "health care" not sickness care. One ingredient is to reward better health as an inducement to improve employees' health.
- This situation reminds me of the old TV commercial, "Pay me now or pay me later" Like the commercial, there will be some pain either way, but the future pain will be much worse if we don't pay today.
- Employees should be able to weigh in on options before the Council decides. Let's give them an actual vote result they can consider in their decision-making.

Possible Actions and Ideas Suggested by Stakeholders

The following are Stakeholders' suggestions and ideas about how to respond to GASB requirements and to pay for/manage current and future retiree health care obligations:

- Investigate why the original valuation reports painted a reasonably good picture and the more recent "tweaked" ones paint such an awful picture.
- Bring in the actuary(ies) to explain the actuarial process and assumptions used face to face. Stream the meeting on the website so all can decide for themselves about the accuracy of these future costs.
- More narrative is needed for the Kaiser graph. What were the circumstances and conditions surrounding the low-cost increase years in the mid-nineties. Tell what could be done to replicate those conditions.
- HMO's we use have reserve funds. Our premiums helped build the reserve funds to use in cases of emergency. This is an emergency. Get the HMO's to contribute toward this debt too.
- Adopt prevention programs to lessen the need for health care.
- Get competitive bids for both insured and self-insured plans.
- Many of us are in favor of a national solution. Why don't you put a link(s) on the website where we can align with others who want national health care too.

- There needs to be a ballot issue to ensure universal health care.
- Look into an arbitrage approach. Let wealthy investors create the infusion of early funds we need and then pay off the investment over time with fund earnings.
- Investigate how the people who take good care of themselves (thus causing less cost to the plan) could be rewarded with additional deposits into their individual accounts.
- Reduce the cost of administration of the City's plans.
- Create ways we can learn how to take better care of ourselves—practice informed self-care.
- If we had to pay for doctors' visits completely out of our own pocket, we'd use the system more wisely. Look for a way to create that attitude on all participants' parts.
- Create a way for participants to choose the plan(s) they want instead of being limited to only the plans the City wants to offer. If this were the case, most of us would save by using catastrophic-only coverage and just paying for the small stuff out of our pockets.
- Find a way we can allocate some of today's pay (maybe 1-3% for example) to an owned account to allow us to save for retiree medical costs.
- Choose some amount (say 1-2% of pay) and start deducting. This would lessen the pain later on.
- Create a City Clinic for mild-moderate problems (with insurance for services (like hospitalization) that couldn't be provided by the City).
- Get more involved in the national politics surrounding national health care.

Open Questions to be Researched

1. What would our contributions be in the future if we OK the status quo and don't fund any more than we're funding now?

Next Steps

- Continue the Stakeholder Feedback Process
- Post results of each Stakeholder Session on the City's Website
- Incorporate added comments
- Assemble all Feedback Session results into a non-evaluative report of Stakeholder Feedback and ideas for the City Council